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	EXME-00	OIGO-00	E-00	FAAE-00	UTED-00	VCi-00	FOE-00
	FRB-00	OBO-00	H-00	TEDE-00	INR-00	IO-00	LAB-01
	L-00	MOFM-00	MOF-00	VCIE-00	DCP-00	NSAE-00	ISN-00
	OES-00	OMB-00	NIMA-00	OPIC-01	EPAU-00	PER-00	GIWI-00
	MA-00	ISNE-00	DOHS-00	SP-00	IRM-00	STR-00	DPM-00
	NCTC-00	CRYE-00	FMP-00	CBP-00	BBG-00	EPAE-00	SHEM-00
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DEPT FOR EB/IFD/OIA, EEB/CBA, AF/EPS, AND AF/E
 DEPT PLEASE PASS TO USTR
 DEPT PLEASE PASS TO OPIC, EXIM, AND TDA
 USDOC FOR 4510/ITA/MAC/ANESA/OA (ROBERT TELCHIN)
 USDOC FOR 3131/USFCS/ANESA/OIO
 JOHANNESBURG FOR FCS AND TDA

E.O. 12958: N/A
 TAGS: [EINV](#) [EFIN](#) [ETRD](#) [ECON](#) [ELAB](#) [KTDB](#) [KIDE](#) [PGOV](#) [OPIC](#) [USTR](#)
 MP
 SUBJECT: CORRECTED MAURITIUS: 2010 INVESTMENT CLIMATE STATEMENT

REF: STATE 124006

¶1. Per reftel request, Post submits the following 2010 Investment Climate Statement for Mauritius. Please note that the exchange rate used throughout the report is (i) 2007: USD 1 = MRs 32, (ii) 2008: USD 1 = MRs 29, and (iii) 2009: USD 1 = MRs 32.50. (Mauritius Rupees = MRs).

 OPENNESS TO FOREIGN INVESTMENT

¶2. Mauritius is among the most competitive and successful economies in Africa and actively seeks foreign investment. The World Bank's 2010 Doing Business report ranks Mauritius 17th among the 183 economies covered by the report and first in Africa for the second year in a row in terms of overall ease of doing business. In three years Mauritius has moved from the 49th (2006) to the 17th place (2009). Mauritius is praised in the report for its continued efforts in the past year to improve the business climate with the adoption of a new insolvency law, the establishment of a specialized commercial division within the courts, the easing of property transfers, and the expediting of trade processes. The government's objective is for Mauritius to rank among the top ten most investment and business friendly locations in the world.

¶3. The World Economic Forum's 2009-2010 Global Competitiveness Report places Mauritius second in Africa (after South Africa) and 57th in the world in terms of competitiveness. The report lauded Mauritius as a country characterized by strong and transparent public institutions, with clear property rights, strong judicial independence, and a security that is good by regional standards.

¶4. ECONOMIC REFORM: Mauritius's economy suffered at the turn of the millennium as longstanding trade preferences in textiles and sugar, which were the foundation of its growth strategy, were phased out. The government which took office in 2005 embarked on a bold economic reform program aimed at opening up the economy, facilitating business, improving the investment climate, and mobilizing foreign direct investment (FDI) and expertise. The reforms have resulted in a strong and balanced growth across all sectors of the economy and have spurred foreign investment to record levels.

¶5. Mauritius witnessed three years of robust economic growth between

January 2006 and December 2008. In 2008, Gross Domestic Product (GDP) was close to USD 9 billion, with a GDP growth rate of 5.3% and a per capita income of USD 7,000, one of the highest in Africa. However, the Mauritian economy, which demonstrated remarkable resilience in 2008, started to feel the impact of the global crisis at the beginning of 2009, resulting in a decelerated growth rate of 2.8 percent for the year. However, following the recent signs of recovery in the world economy, GDP growth is forecast to recover to 4.3 percent in 2010. By 2011, the economy is expected to return to its pre-crisis growth of more than five percent.

¶16. FDI, which averaged USD 33 million annually for the two decades ending in December 2005, has risen to USD 280 million since 2006. Following the reforms initiated in 2006, Mauritius has attracted more than USD 1 billion from foreign investors. In 2009, FDI is estimated at close to USD 280 million.

¶17. BUSINESS FACILITATION: The GOMQs policy since 2005 has been to open the economy and streamline administrative procedures for people to come, work, and live in Mauritius. The Business Facilitation Act of 2006 simplified the business licensing process with respect to starting a business and allowed businesses to start operations within three days of incorporation. Also, residence permits and work permits for foreign investors, entrepreneurs, and professionals have been combined into what is called an occupation permit, which is now processed within three working days.

¶18. Investment in Mauritius is governed by the Investment Promotion Act of 2000. Investment regulations are consistent with the WTO's Agreement on Trade Related Investment Measures (TRIMS). The GOM does not discriminate between local and foreign investment. Businesses can be conducted locally in several forms: under a self-employed activity, as a partnership with Mauritian nationals, or a 100 percent foreign-owned company under the Companies Act. For a limited number of regulated activities in such sectors as tourism, sugar, and broadcasting, an application for the appropriate permit or license must be made to the competent authorities prior to start of operations. For such activities, investors should seek advice from the Board of Investment (www.investmauritius.com).

¶19. The Board of Investment (BOI) acts as a one-stop focal agency for business registration. BOI acts as the facilitator for all forms of investment in Mauritius and guides investors through the necessary processes for doing business in the country. Before starting operations, businesses must register with the Registrar of Companies. Regulations governing incorporation are contained in the Companies Act of 2001. After receipt of a certificate of incorporation from the Registrar of Companies, all companies must register their business activities with the BOI to be able to apply for occupation permit and other facilities offered to investors.

¶10. INVESTMENT OPPORTUNITIES: Mauritius has realized a remarkable economic transformation from a mono-crop economy based on sugar production to a diversified economy driven by export-oriented manufacturing, tourism, and financial and business services sectors. In recent years, Information and Communication Technology (Business Process Outsourcing, call centers, software development), Hospitality and Property Development (commercial malls, luxury villas, and international flagship hotels), the Seafood and Marine Industry (fish farm, tuna fishing and canning, and seafood processing) and the Biomedical Industry (medical devices, pharmaceutical products, multi-specialty hospitals) have emerged, attracting substantial investment from both local and foreign investors.

¶11. In addition, Mauritian authorities have identified a number of projects in the following sectors for implementation in the next few years: (i) agri-business and biotechnology (refined sugar, ethanol, food crop production --potato, corn, soya bean--food processing, dairy products and livestock), (ii) renewable energy and environment --wind, bagasse (sugar cane fibrous residue), solar, cold sea water for air conditioning, and waste-to-energy projects (ii) medical tourism (medical, surgical and diagnostic packages to the one million English and French speaking tourists currently visiting Mauritius) (iv) bio-medical research and clinical trials and (v) knowledge-based industries (foreign universities' campuses in Mauritius, distance education, e-learning, vocational and technical training).

¶12. The location of Mauritius, situated in the Indian Ocean between Africa, Asia, and Australia, offers a successful business base for both regional and international trade. U.S. companies can use Mauritius as a platform to tap regional markets through Mauritius membership in the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), which offer preferential access to a market of 380 million consumers. Mauritius also has a free trade agreement with Pakistan and is negotiating one with Turkey. It is also in the process of finalizing a Comprehensive Economic Cooperation and Partnership Agreement with India.

Year	Index	Ranking
2010	World Bank Doing Business	17
2009	TI Corruption	42
2009	Heritage Economic Freedom	18

----- Conversion and Transfer Policies -----

¶13. The GOM abolished foreign exchange controls in 1994. Consequently, no approval is required for the repatriation of profits, dividends, and capital gains earned by a foreign investor in Mauritius. In general, businesses have no difficulty obtaining foreign exchange.

¶14. The exchange rate is market-determined, but the market is dominated by a small number of institutions. The Central Bank occasionally intervenes to stabilize the market. There is convertibility on both capital and current accounts. Settlement can be done in foreign currency, and foreign currency accounts can be opened in Mauritius. There is no legal parallel market in Mauritius for investment remittances.

¶15. Mauritius has a well-developed and modern banking system. At the end of October 2009, net international reserves amounted to close to USD 3 billion, representing an import cover of close to 41 weeks. Between June and December 2009, reflecting international trends and reduced domestic imports, the Mauritian rupee appreciated by 8.5 percent against the U.S. dollar, the pound sterling, and the Euro.

----- Expropriation and Compensation -----

¶16. Legislative guarantees against nationalization exist and are respected. The GOM has never nationalized an industry.

----- Dispute Settlement -----

¶17. An entity formed through a joint venture between a local company and a U.S. investor, has been engaged in a lengthy dispute (since 2005) with Mauritius Telecom, its cellular subsidiary, Cellplus (now called Orange), and the former Telecommunications Authority, over allegations of unfair competitive practices by Mauritius Telecom and Orange. The case remains in the courts. There has not been any expropriation of private assets in Mauritius thus far. Mauritius is a member of the International Center for the Settlement of Investment Disputes and the Multilateral Investment Guarantee Agency of the World Bank.

¶18. The Mauritian legal system is largely based on English common law and French civil law. A Commercial Court was set up in early 2009 to expedite the settlement of commercial disputes. The domestic legal system is generally non-discriminatory and transparent. Members of the judiciary are independent of the legislature and the government. The highest court of appeal is the judicial committee of the Privy Council of England. Mauritius is a member of the International Court of Justice.

----- Performance Requirements and Incentives -----

¶19. The investment code is in line with the WTO's Agreement on Trade Related Investment Measures. A foreign investor, a professional under a contract of employment, or a self-employed person may apply

for work and residence permits if the following conditions are met:
(i)Investor: the proposed business activity should generate an annual turnover exceeding MRS 3 million (approx. USD 93,000) (ii) Professional: the basic monthly salary should exceed MRS 30,000 (approx. USD 925); and (iii) Self-employed: the annual income from the proposed business activity should exceed MRS 600,000 (approx. USD 18,500). An investor may subsequently apply for permanent residence status if his/her business activity generates an annual turnover exceeding Rs 15 million (approx. USD 462,000) during the first three years. In the case of self-employed persons, the business activity should generate an annual income exceeding Rs 3 million (approx. USD 93,000). Foreign nationals can acquire property for business purposes.

¶20. Investment incentives are applied uniformly to both domestic and foreign investors. Mauritius offers a low tax jurisdiction: (i) a flat corporate and income tax rate of 15 percent, (ii) tax free dividends, (iii) no capital gains tax, (iv) up to 100 percent foreign ownership, (v) exemption from customs duty on equipment, (vi) free repatriation of profits, dividends, and capital, (vii) no minimum foreign capital required, (viii) 50 percent annual allowance on declining balance for the purchase of electronic and computer equipment; and (ix) an extensive tax treaty network with several countries.

¶21. Moreover, the government has set up the Integrated Resorts Scheme (IRS) to attract high net worth non-citizens desiring to acquire an immoveable property of not less than USD 500,000 in Mauritius (within a resort approved by the BOI) for personal residence. The Real Estate Scheme (RES) introduced in 2007 allows non-citizens to acquire a residence with no minimum price set. The investor and his/her spouse and dependents are granted resident permits to live in Mauritius when a residential property is acquired for a price exceeding USD 500, 000. More detailed information on the incentives is available on BOIQs website: www.investmauritius.com

----- Right to Private Ownership and Establishment -----

¶22. Under the Non-Citizens (Property Restriction) Act, a non-citizen investor may acquire property in Mauritius with the prior approval of the Prime Minister. However, the Prime Minister's approval is not required when the property is acquired (i) under a lease agreement not exceeding 20 years, (ii) under the Integrated Resort Scheme or Real Estate Scheme for the purchase of a villa, (iii) under the Invest-Hotel Scheme for the acquisition of a hotel room, or (iv) when the investor has obtained approval from the Board of Investment to acquire property for use in his/her business.

----- Protection of Property Rights -----

¶23. Property rights are respected. Mauritius maintains a sophisticated and impartial legal system based on both Napoleonic code and British common law. The system protects all tangible property. Intellectual property rights are protected by the Copyrights Act of 1997 and the Patents, Industrial Designs and Trade Marks Act of 2002, which are in line with international norms. Mauritius is a member of the World Intellectual Property Organization (WIPO) and party to the Paris and Bern conventions for the protection of industrial property and the Universal Copyright Convention.

¶24. The Patents, Industrial Designs and Trade Marks Act of 2002 was introduced by the government, in part, as a response to the rise in the production and trade of counterfeit goods, such as Ralph Lauren shirts. In 2004, Polo Ralph Lauren (PRL) successfully sued local manufacturers and retailers of PRL counterfeit products in Mauritian courts, which resulted in the closure of the counterfeit operations. In December 2008, the Supreme Court ruled in favor of PRL lawyer by ordering Customs to seize PRL products imported by a local businessman without PRL's authorization. In December 2009, Nike and Adidas lodged a legal action at the Supreme Court against a local businessman, who imported 2,000 pair of shoes suspected of being counterfeit goods. Mauritius Customs has seized the goods and the case will be heard in March 2010.

¶25. The new trademark and patent laws comply with the WTO's Trade

Related Aspects of Industrial Property Rights (TRIPS) agreement and protects designs, brands, and technological inventions. Also, the law dictates that well-known international trademarks are protected, whether they are registered in Mauritius or not. A trademark is initially registered for 10 years and may be renewed for successive periods of 10 years. A patent is granted for 20 years and cannot be renewed.

¶26. The Police, Customs and Judicial authorities have effectively enforced trademark and copyright protection of firms like Polo Ralph Lauren and legitimate distributors of Bollywood films that have established a legal or commercial presence in Mauritius. However, U.S. and European producers and distributors of cinema and software have in general not established any representation in Mauritius and protection of their copyrights and intellectual property is practically non-existent. According to a leading IPR law firm, the Police would take action against IPR infringements only in cases where the IPR owner has an official representative in Mauritius because the Court would require a representative to testify that the products seized are counterfeit. According to the Police's Anti Piracy Unit, IPR infringement could be curtailed substantially if the law is amended to put the burden of proof on the seller rather than on prosecution. The Customs Department also requires right holders or authorized users to register their trademarks and copyrights with its office in order to take action to protect their marks/copyrights at the borders of Mauritius. Application forms for registration can be downloaded from the Mauritius Revenue Authority/Customs website: www.mra.gov.mu.

¶27. WIPO has recently prepared an Intellectual Property Development Plan for Mauritius, which recommends, inter alia, the revision of some existing legislation to strengthen IPR laws and enforcement. The new legislation has not been finalized yet.

----- Transparency of the Regulatory System -----

¶28. Mauritius has built its success on a free market economy. According to the 2009 Index of Economic Freedom of the U.S. based Heritage Foundation Wall Street Journal, Mauritius leads Sub-Saharan Africa in economic freedom and is ranked 18th worldwide. With a well-developed legal and commercial infrastructure and a long tradition of entrepreneurship and representative government, Mauritius is one of the developing world's most successful democracies. Mauritius also has a long-standing tradition of government and private sector dialogue which allows the private sector to effectively voice its views on the development strategy of the country. The Joint Economic Council, the coordinating body of the Mauritian private sector, is a key vehicle in this regard.

¶29. During the last four years, the government brought radical reforms to trade, investment, tariff, and income tax regulations to simplify the framework for doing business. Trade licenses and many other bureaucratic hurdles were abolished.

¶30. Companies in Mauritius are regulated by the Companies Act of 2001, which incorporates international best practices and promotes accountability, openness, and fairness. In order to combat money laundering and terrorist financing, the government also enacted the Prevention of Corruption Act, the Prevention of Terrorism Act, and the Financial Intelligence and Anti-Money Laundering Act.

¶31. PUBLIC PROCUREMENT ACT 2006: A Central Procurement Board, established under the Public Procurement Act 2006, oversees all forms of procurement by public bodies. The Procurement Policy Office is responsible for formulating policies and issuing directives for the operation of a transparent and efficient public procurement system. According to the Procurement Act, a bidder or potential bidder can challenge the procurement proceedings of a public body at any stage and request the Chief Executive Officer of the public body to consider his complaint and, where appropriate, take remedial action. Appeals may be brought against the decisions of a Chief Executive Officer to an Independent Review Panel. A simplified two-tier process, therefore, is available to unsatisfied persons to seek remedy.

¶32. COMPETITION ACT 2007: In December 2007, the National Assembly adopted a Competition Bill to promote competition, prevent

monopolistic pricing, and restrict collusion in consumer markets. The Competition Act 2007 was proclaimed and became effective on November 25, 2009 and the Competition Commission is now fully operational. Monopoly, and more generally, collusion between suppliers are prevalent in the domestic economy. The Competition Commission started its first enquiries in mid-December 2009.

----- Efficient Capital Markets and Portfolio Investment -----

¶33. With its well-developed financial services sector, Mauritius aims to become a regional financial center. The financial system has not been involved in sub-prime lending or any activity deriving directly or indirectly from that asset class. As a result, the government has not had to intervene to bail out any bank. The sector is well regulated and has proven to be quite solid and highly profitable. It has ample liquidity to meet the financing needs of the economy.

¶34. The Stock Exchange of Mauritius (SEM) has done quite well in terms of the volume of transactions, the number of listed companies, market capitalization, and the fairness and efficiency of its operations since its launch in 1989. In December 2009, the Stock Exchange of Mauritius had 38 companies listed on the Official Market and 49 companies on the Development and Enterprise Market which is designed for small and medium enterprises. Market capitalization grew from USD 92 million in 1989 to about USD 4.6 billion in December 2009. The SEM is a member of the World Federation of Exchanges, which reports that the SEM adheres to industry business standards.

¶35. In November 2007, the SEM was included in the new Morgan Stanley Capital International (MSCI) Frontier Markets Indices which are designed to track the performance of a range of equity markets that are now more accessible to global investors. Mauritius was among four countries in Africa to be included in the new indices. The SEM has also been included in the DOW Jones SAFE 100 Index which was launched in March 2009 by the South Asian Federation of Exchanges (SAFE). The DOW Jones SAFE 100 Index measures the performance of the 50 largest stocks trading in India and the 50 largest stocks trading in 4 other countries, including Mauritius.

¶36. The Mauritius stock market was opened to foreign investors following the lifting of the foreign exchange controls in 1994. No approval is required for the trading of shares by foreign investors unless investment is for the purpose of legal and management control of a Mauritian company or for the holding of more than 15 percent in a sugar company. Incentives to foreign investors include free repatriation of revenue from the sale of shares and exemption from tax on dividends and capital gains.

¶37. Mauritius has an active offshore financial (now called global business) sector, which is a major route for foreign investments into the Asian sub-continent. Mauritius is by far the largest source of FDI and portfolio investment in India, estimated at close to USD 43 billion for the period April 2000–September 2009, which accounts for 44 percent of the total FDI inflows into India. Major U.S. corporations use the Mauritius offshore sector to channel their investment to India. These investments are mainly attracted by a particularly favorable Double Taxation Avoidance Treaty (DTAT) which exists between Mauritius and India. By January 2010, Mauritius had DTATQs with a total of 37 countries, including China, Malaysia, Singapore, South Africa, U.K, France, Germany, Kuwait, and U.A.E.

¶38. Mauritius has a relatively sophisticated banking sector with 18 banks currently licensed to undertake banking business. The Banking Act of 2004 provides for banking business to be conducted under a single banking license regime. Accordingly, all banks are free to conduct business in all currencies, including the Mauritian rupee. There are also several non-bank financial institutions which are authorized to conduct deposit-taking business.

¶39. The banking system is highly concentrated with two long-established domestic and two international banking groups dominating, holding between them 70 percent of all banking assets. Foreign banks present in Mauritius include the Hong Kong and Shanghai Banking Corporation (HSBC), Barclays Bank, Bank of Baroda, Habib Bank, Banque des Mascareignes, PT Bank International

Indonesia, Deutsche Bank, Standard Bank, Standard Chartered Bank, and Investec Bank.

¶40. The banks focus mostly on trade financing and on provision of working capital. Accounts may be opened in all major currencies as well as the Mauritian rupee. Several commercial banks offer card-payment services, such as credit and debit cards and direct debits. Other facilities, including phone banking, home banking, internet banking, and PC banking, are also provided by some banks. Commercial banks offer spot and forward transactions in all major currencies.

¶41. Commercial banks have diversified into non-banking business through subsidiaries and affiliates. Banks are engaged in the provision of leasing, stock brokering, asset and fund management, investment and private banking business, insurance agency, and portfolio and custodial management. As of October 2009, commercial banks' total assets amounted to approximately USD 23 billion.

¶42. The Bank of Mauritius, the Central Bank, carries out the supervision and regulation of banks as well as non-bank financial institutions authorized to accept deposits. A new Bank of Mauritius Act, which strengthened the central bank's institutional framework as well as its supervisory powers, was enacted in October 2004. It also has the power to establish prudential safety and soundness standards and regulations, and does so primarily by issue of Guidelines/Guidance Notes. The Central Bank has endorsed the Core Principles for Effective Banking Supervision as set out by the Basel Committee on Banking Supervision. In July 2009, the Bank of Mauritius Act was amended to provide for the setting up of a Financial Stability Committee comprised of the Central Bank, the Financial Services Commission and the Ministry of Finance to review, on a regular basis, the soundness of the financial system.

----- Competition from State-Owned Enterprises -----

¶43. The government policy is to act as a facilitator to business, leaving production to the private sector. The government, however, still controls key utility services directly or through para-state companies, including electricity, water, waste water, postal services, and television broadcasting. The government also controls the import of what it deems to be strategic products such as rice (only non-basmati or other non-luxury rice), wheat flour, petroleum products, and cement through the State Trading Corporation.

¶44. The government also has controlling shares in the State Bank of Mauritius, Air Mauritius (the national airline), and the Mauritius Telecom. These state-controlled companies have a Board of Directors on which seats are allocated to senior government officials. The Chairperson is generally nominated by the government. However, they are required by law to publish an annual report and their books are submitted to independent audit. They also are subject to the same corporate social responsibility as private firms.

----- Corporate Social Responsibility -----

¶45. The Government of Mauritius has established a policy whereby all profitable firms are required to either spend two percent of their profits on Government-approved activities/programs which contribute to the social and environmental development of Mauritius or transfer the funds to the Government to be used for social investment.

¶46. Approved areas of activities include eradication of poverty, vocational training for vulnerable groups, promotion of human rights, support to the disabled and the elderly, women empowerment, small enterprise development, support to vulnerable children and youth, rehabilitation of drug addicts, protection and preservation of the environment, health and nutrition, leisure and sports, and promotion of arts and crafts. All projects are reviewed by a National Corporate Social Responsibility Committee.

¶47. Major corporate groups in Mauritius have begun to implement in partnership with Non-Governmental Organizations a number of projects related to social housing, health, education and training, leisure and sports, environmental protection, and sustainable development. There is greater awareness on the part of private companies for the

need to be accountable to the community. Firms which undertake corporate social responsibility projects are viewed favorably.

----- Political Violence -----

¶48. Mauritius has a long tradition of political and social stability and is internationally recognized for its well-established democracy. Inter-ethnic tensions, however, led to four days of rioting in February 1999, following the death in police custody of a popular minority singer. Governments since then have sought to calm ethnic tensions and stress national unity.

¶49. Civil unrest and political violence are uncommon. General elections in 2000 and 2005 brought a change in government in each case and passed off without incident. The next general elections are expected to be held in 2010.

----- Corruption -----

¶50. In 2009, Mauritius ranked 42nd worldwide and 2nd in Africa (after Botswana), with a score of 5.4 on Transparency International's Corruption Perceptions Index. The index examines perceptions of public-sector corruption in 180 countries. It scores countries from zero, which indicates the highest level of perceived corruption, to ten, the lowest level. Mauritius is one of only three Sub-Saharan countries to score over 5, indicating that corruption is not seen as a widespread problem.

¶51. In 2002, the government adopted the Prevention of Corruption Act, which led to the setting up of an Independent Commission Against Corruption (ICAC). ICAC has the power to detect and investigate corruption and money laundering offenses and can also seize the proceeds of corruption and money laundering.

----- Bilateral Investment Agreements -----

¶52. In September 2006, Mauritius and the United States signed a Trade and Investment Framework Agreement (TIFA), aimed at strengthening and expanding trade and investment ties between the two countries. The TIFA Council, comprising of representatives from both governments, held its first meeting in Mauritius in February 2007. The Second Annual Council Meeting took place in April 2008 in Washington, D.C., while Mauritius hosted the Third Annual Meeting in April 2009. Mauritius also has an investment incentive agreement with the Overseas Private Investment Corporation (OPIC), while the first round of negotiations for a Bilateral Investment Treaty (BIT) between the United States and Mauritius took place during the first week of 2010.

¶53. Mauritius has signed Investment Promotion and Protection Agreements with the following 35 countries: Barbados, Belgium, Luxemburg, Benin, Botswana, Burundi, Cameroon, Chad, China, Comoros, the Czech Republic, Finland, India, Indonesia, France, Germany, Ghana, Guinea, Madagascar, Mauritania, Mozambique, Nepal, Pakistan, Portugal, Republic of Korea, Romania, Rwanda, Senegal, Singapore, South Africa, Swaziland, Sweden, Switzerland, U.K., Zimbabwe, and Tanzania. Agreements with the following countries are awaiting signature: Chile, Egypt, Ethiopia, Lesotho, Malawi, Turkey, Uganda, and Qatar.

----- OPIC and Other Investment Insurance Programs -----

¶54. Mauritius is eligible for the full range of OPIC's investment insurance programs. It is also a member of the Multilateral Investment Guarantee Agency.

----- Labor -----

¶55. As of September 2009, Mauritius had a total labor force of 569,400, including 357,700 males and 211,700 females. Total employment stood at 527,300, including 21,000 foreign workers, mainly from China, India, Madagascar, Sri Lanka, Bangladesh, and South Africa, and mostly employed in textile factories but also in

construction, tuna canning, and hotel and catering sectors. The unemployment rate, which reached 8.5 percent in 2007, fell to 7.4 percent in 2009, representing about 42,100 unemployed.

¶56. The GOM administratively establishes minimum wages, which vary according to the sector of employment, through the National Remuneration Board (NRB), and it mandates minimum wage increases annually based on inflation. However, most trade unions negotiate wages higher than those set by the NRB. The NRB issues Remuneration Orders for more than 90 percent of the workforce in the private sector.

¶57. In February 2009, the Employment Rights Act and the Employment Relations Act came into force. Their main objectives are to revise and consolidate the existing labor and industrial relations laws which date back to over 30 years and to liberalize the labor market and enhance the effectiveness of collective bargaining. The new legislation also provides for the introduction of a Workfare Program under which workers who have been laid off will benefit from government financial assistance for up to twelve months and opportunities for training to increase their employability.

¶58. Wages are low by Western standards but high by most Asian and African standards. Factory workers in export-oriented enterprises generally earn between USD 200-USD 250 per month. Middle managers earn between USD 700 and USD 1,000 per month. Fringe benefits, including transport and meal allowances, paid leave, and bonuses, represent about 25 to 30 percent of the basic wages of employees.

¶59. While Mauritius has an active trade union movement, labor-management relations are generally good. Unionized workers, which account for less than 25 percent of the workforce, act responsibly and rarely disrupt business. There has not been a major strike since 1979. Under current legislation, unions have the legal right to strike. However, the government seeks to preempt strikes through a system which promotes settlement through negotiation or arbitration by the Employment Relations Tribunal and the National Remuneration Board.

¶60. Workers' rights are protected under the Employment Rights Act
¶2008. Mauritius participates actively in the annual ILO conference in Geneva and adheres to ILO conventions protecting worker rights.

----- Foreign Trade Zones/Free Trade Zones -----

¶61. The Mauritius Freeport (free-trade zone) was established in 1992 as a customs-free zone for goods destined for re-export. The government's objective is to promote the country as a regional warehousing, distribution, marketing, and logistics center for Eastern and Southern Africa and the Indian Ocean rim. Through its membership in the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), and the Indian Ocean Commission (IOC), Mauritius offers preferential access to a market of 380 million consumers, representing an import potential of USD 90 billion.

¶62. Situated on 52 hectares of land adjacent to port facilities and a modern container terminal, the Freeport offers 120,000 square meters of world-class infrastructure, including cold rooms, dry storage, an international trade exhibition center, processing units, and office space for transshipment, consolidation, storage, and processing activities. Freeport facilities are also available at the airport. Port Louis is increasingly used by major shipping lines (i.e. Maersk/Sealand, P&O Nedlloyd, and MSC) as a regional container transshipment hub.

¶63. Activities that can be carried out in the Freeport include warehousing and storage, breaking bulk, sorting, grading, cleaning and mixing, labeling, packing and re-packing, minor processing, transshipment, cash and carry sales, export-oriented port based activities, export-oriented airport based activities, freight forwarding, express courier services, mail order, simple assembly, reshipment, and quality control and inspection services.

¶64. By the end of 2009, about 350 Freeport companies were engaged in activities such as re-export, transshipment, minor processing, and assembly. In 2008, the Freeport imported USD 178 million and

re-exported USD 302 million worth of goods. Main products re-exported include: machinery and telecommunication equipment (25 percent); apparel and accessories (21 percent); seafood (21 percent); chemical and pharmaceutical products (11 percent); and beverages and tobacco (5 percent). In 2008, the principal export markets for the Freeport were Madagascar, the United Arab Emirates, France, Reunion Island, Spain, and Italy.

¶65. The Freeport sources its imports from a wide range of countries, including Hungary, China, India, Finland, Taiwan, France, Spain and South Africa. The main products imported include fish, chemicals and pharmaceuticals, telecommunication equipment, textile fabrics and accessories, ready-made garments, electrical goods, and general consumer goods.

¶66. The Freeport facilities for warehousing, breaking bulk, and re-export should be of particular interest to American companies. These services enable businesses to ship containerized goods to Mauritius, warehouse them in secure, low-cost facilities, then break bulk and re-export them in an efficient and timely manner to African and Indian Ocean rim destinations. Modern computerized warehouse/logistics facilities, including cold rooms and processing centers, are provided by the private developers. These include Freeport Operations (Mauritius) Ltd (www.freeport-mauritius.com), Mauritius Freeport Development Co. Ltd (www.mfd.mu), and Froid Des Mascareignes (www.seafoodhub.com). Goods can also be assembled in the Freeport for export to the African and Indian Ocean markets. Current assembly and processing activities in the Freeport include: jewelry and precious stones, slabs from semi-precious minerals, PET plastic bottles, transformation of fish into fillets, aluminum frames and fittings, re-packaging of pharmaceuticals, and reconditioning of second-hand vehicles.

¶67. Three U.S. companies are present in the Mauritius Freeport. Amazing Stone Ltd., established in 2005 by a U.S. citizen, is involved in the production of slabs made from semi-precious minerals which can be used for kitchens, floors, bathrooms, walls, and furnishings. The firm, which employs 50 people, imports its raw materials from the region, mainly Madagascar.

¶68. Boxmore Plastics (Mauritius) Ltd., which started operations in Mauritius in 2002, is 100 percent owned by Chesapeake Corporation, headquartered in Richmond, VA. It manufactures PET (polyethylene terephthalate) pre-forms for the soft drink bottling companies in Mauritius, Reunion, Madagascar, and Seychelles. Casamar (Mauritius) Ltd., a subsidiary of U.S.-based Casamar Holdings, Inc., which specializes in the assembly and repair of nylon-braided tuna purse seine nets, opened an office in Mauritius which provides marketing support for its fishing net repair and assembly operations in Seychelles.

¶69. The GOM, in collaboration with the private sector, is actively promoting the Freeport as a seafood hub, in particular focusing on the transshipment, processing, storage, distribution, and re-exportation of high value-added seafood products using the modern port and Freeport facilities and logistics. A one-stop shop has been established in the port area to help facilitate administrative clearances related to the seafood industry. Thon des Mascareignes Ltd. (TDM), a leading Mauritian company in partnership with Spanish investors, is operating a tuna loin processing plant with a daily processing capacity of 300 tons for export to Europe and the U.S. for final processing and packaging. U.S. firm Bumble Bee Foods has a tuna supply and processing agreement with TDM.

¶70. The Board of Investment, in collaboration with Airports of Mauritius Ltd., plans to develop a dedicated air cargo logistics center at the airport. The land parcelling for this project is currently under way. The main activities targeted include re-export of high value/low volume products, light assembly operations, warehousing, labeling and repackaging, sea-air/air-sea and transshipment cargo, express courier, and freight forwarding services.

----- Foreign Direct Investment -----

¶71. After several years of decline, FDI picked up strongly in 2006, as a result of radical economic reform measures taken by the

government to open up the economy, facilitate business, and improve the investment climate. FDI, which averaged USD 33 million annually for the two decades ending in December 2005, has risen to an estimated USD 280 million in 2009. Between 2006 and 2009, Mauritius has attracted more than USD 1 billion from foreign investors.

¶72. The following statistical tables, supplied by the Bank of Mauritius (Central Bank), show inflows of FDI in Mauritius by sector and country of origin (2006-2009).

Foreign Direct Investment by Sector, 2006-2009

-	2006	2007	2008	2009*
-	(USD millions)			
Manufacturing	5.7	8.5	5	20.5
Tourism	83	187	137	89
Banking	114	127	157	15
Real estate	15	32.2	65	54
Other	11.3	5.3	29	16.5
-	-----			
Total	229	360	393	195

Foreign Direct Investment by Country of Origin, 2006-2009

-	2006	2007	2008	2009*
-	(USD millions)			
China	0.2	-	2.7	5.3
Dubai	3.6	40	29.2	11
France	16.6	36.7	40.2	56.7
Germany	5.6	1.8	5.9	0.4
India	5	19	66.2	9.3
Belgium	2.6	14	9.8	3.1
Luxembourg	1.1	2.1	7.2	2
Reunion Island	4.0	18	1.7	2.4
South Africa	1.2	15.6	49	10.5
Switzerland	18.6	40.2	21	12
U.K.	121	87.6	70	37
U.S.	5.2	74.4	36.6	19
Others	44.3	10.6	54	26.3
-	-----			
Total	229	360	393	195

Source: Bank of Mauritius

* Figures for 2009 are for the period January-September only

¶73. In 2008, the largest inflows of the USD 393 million of FDI into Mauritius came from U.K., followed by India, South Africa, France and the United States. Together these five countries represented close to 70 percent of total investments. The bulk of the FDI was directed to the tourism and banking sector. From January to September 2009, FDI stood at USD 195 million, the main sources being France (USD 57 million), U.K. (USD 37 million), and the United States (USD 19 million), followed by Switzerland, Dubai, and South Africa. Hotel and tourism, real estate development under the Integrated Resort Scheme (luxury villas), and banking are the sectors that attracted the bulk of the FDI in 2009.

¶74. There is one U.S. investor in the export-oriented manufacturing sector. Mauriden Ltd, owned by a U.S. investor, was one of the first companies to operate in the EPZ more than 30 years ago. Initially involved in diamond cutting and polishing, Mauriden now focuses on the production of jewelry for its duty free shops (Adamas). As indicated in the Freeport section above, three U.S. companies (Amazing Stones Ltd, Boxmore, and Casamar) are present in the Freeport zone.

¶75. Apollo-Blake, a joint venture between American (20 percent) and South African (80 percent) investors, started operations in 2008 as a Business Process Outsourcing (BPO) company that focuses on customer relations services, working primarily with U.S.-based customers. The company, which provides bilingual services (English and French) to its clients, had 220 employees at the end of 2009 and plans to expand to 400 employees by end of 2010.

¶76. In November 2009, Thompson-Chalon Associates, another U.S. and South African joint venture, signed a memorandum of understanding with the Government of Mauritius for the development and financing of the Mauritius Land-Based Oceanic Park, an eco-park project that will pump cold sea water 1,000 meters deep for air conditioning of

data centers and other applications. Two U.S. firms are involved in the implementation of the first phase of the eco-park, valued at USD 150 million. Makai Ocean Engineering of Hawaii will be responsible for the construction of the pumping station and the laying of pipes while Fortress International will build 10,000 sq. meters of data center on part of the 120 hectares of land allocated for the project on the west coast of the island. Works are scheduled to start in the first quarter of 2010.

¶77. MIC-USA Inc., a subsidiary of Millicom International Cellular, is a joint venture partner (50 percent shareholding) with local company Emtel Ltd in the provision of cellular phone service in Mauritius. Ceridian (Mauritius) Ltd., a subsidiary of Ceridian Inc. specializes in software development and payroll and human resource solutions for European, U.S., and Canadian markets. Other U.S. businesses operating in the domestic Mauritian market include Caltex, a brand owned by Chevron Corporation. Microsoft and IBM have regional distribution offices in Mauritius, serving the Indian Ocean region. KFC, Pizza Hut, and McDonald's have been operating in Mauritius for a number of years, all through local franchisees. UPS and FedEx also have offices in Mauritius.

¶78. Other U.S. investments in Mauritius include Covance Laboratories Ltd, a subsidiary of Covance Inc., which holds 43 percent of the share capital of Noveprim Ltd., a local company involved in the breeding of monkeys for export to U.S. and European medical research laboratories. In 2006, Covanta Energy established a joint venture with local company Gamma Civic Ltd to build, own, and operate a USD 160 million waste-to-energy project in Mauritius. Plans were to operate a 20 MW power plant generating electricity from 300,000 metric tons of solid waste annually. However, Embassy believes Covanta may withdraw its plans because of a Mauritius court ordered stay to its business license pending government completion of a much delayed Environmental Impact Assessment.

¶79. Several French, British and Indian companies in joint ventures with Mauritian partners have invested in the ICT sector in Mauritius as a result of the government's determination at the beginning of this decade to develop Mauritius into a cyber island. Other leading global players, including Accenture, Orange Business Services (France), InfoSys (India), Hinduja (India), Huawei (China), TNT (U.K.) have started Business Process Outsourcing activities, call centers, disaster recovery and business continuity centers, and software development.

¶80. Significant investment has been made by Indian companies in the past several years. Indian Oil Ltd. has built a 24,000 metric ton-fuel storage terminal as well as a testing laboratory. It also operates a number of retail distribution outlets in Mauritius.

¶81. Another Indian company, Mahanagar Telephone Mauritius Ltd., (MTML) started international long distance telephone service as well as fixed phone services in competition with the local utility (Mauritius Telecom), in early 2006. It now also provides mobile phone and wireless internet services. The State Bank of India acquired 51 percent equity in a local domestic bank for the sum of USD 8 million. In 2007, Apollo Hospitals Group from India embarked on the construction of a high-tech 200-bed hospital in Mauritius, estimated at USD 30 million, in joint venture with a local corporate group. The hospital is operational since July 2009. In December 2008, another Indian healthcare provider, Fortis Healthcare Ltd., invested approximately USD 2 million in the share capital of a well-known private local health clinic. Fortis has upgraded the services provided by the clinic and plans to develop the clinic into a 400-bed health center providing specialized services in the future. Various Indian hotel groups, including Oberoi, Sagar and Taj, have also invested in high-end hotels and resorts in Mauritius.

¶82. A Chinese consortium, including Taiyuan Iron & Steel Group, the Shanxi Group, and the Tianli Group, is set to invest USD 770 million in the Jin Fei Economic and Trade Cooperation Zone, the largest and most important foreign direct investment in the country. This development project, backed by the Chinese government, is expected to attract Chinese investors in a wide range of sectors, including manufacturing, information technology, property development, tourism and leisure, health, logistics, and services. Works on the project started at the end of 2009 and it is scheduled to be completed in

¶2016. It will create more than 34,000 direct jobs as well as a substantial number of indirect jobs and generate up to USD 215 million in export earnings a year. The Chinese government is encouraging the Chinese business community to invest in Mauritius in order to tap the regional markets of COMESA and SADC.

¶83. Investment opportunities in Mauritius are available in the following sectors: seafood and aquaculture, information and communication technology (particularly legal and business process outsourcing), tourism, land-based oceanic industry (exploiting deep-sea cold water for air conditioning, water bottling, aquaculture, and pharmaceuticals), hospitality and real estate development (including hotels and integrated resort/luxury villas), ethanol production, spinning, renewable energy, environment, clinical trials, education and training, healthcare, creative arts, and global professional services.

¶84. CAPITAL OUTFLOWS: In Mauritius, there are no restrictions on capital outflows. The bulk of direct outward investment for the past three years have been coming from the tourism sector (hotel construction) in Maldives and Seychelles, the manufacturing sector (mainly apparel) in Madagascar, and the banking sector in Seychelles, Maldives and South Africa.

¶85. The Government of Mauritius supports regional integration. In line with this objective and in order to promote food security, the Government of Mauritius has established a Regional Food Company (RFC). Under this initiative, Mauritius plans to grow a variety of crops, including rice, potatoes, onions, and corn in Mozambique and Madagascar. The Government of Mauritius has recently obtained 16,000 hectares of land from the Government of Mozambique for the growth of agricultural staples. The RFC, in association with private firms, plan to start the cultivation of rice in part of these lands in ¶2010.

¶86. The Mauritius Commercial Bank Ltd, the largest banking corporation in Mauritius, has established a strong presence in the Indian Ocean region with operations in Reunion, Madagascar, Seychelles, Mozambique, and more recently in the Maldives. They also have operations in France. The State Bank of Mauritius, another important local bank, has established banking operations in India and Madagascar.86. Outward FDI in the garments industry emerged in 1990, when the low-end operations were relocated to lower-wage countries in the region. The African Growth and Opportunity Act (AGOA) also provided the impetus for several local textile companies to open factories in the region, mainly Madagascar and Mozambique.

¶87. Other Mauritian investments on the African mainland relate to the use of expertise in the sugar industry to rehabilitate and manage sugar production in Mozambique, Tanzania, Ivory Coast, Madagascar, and Uganda. Long-established conglomerates like the Rogers Group, IBL Group, the Currimjee Group, the Food and Allied Industries Group, the Altima Group, and the British American Investment Ltd. have established foreign subsidiaries in commerce, poultry, and financial non-banking services, principally in Madagascar. Mauritius Telecom and Emtel, a subsidiary of the Currimjee group, have also invested in the telecommunications sector in Madagascar and Seychelles.

¶88. The following tables provide statistics on FDI outflows by country and sector of investment during the period 2006-2009.

Mauritius Direct Investment Abroad by Sector, 2006-2009*

-	2006	2007	2008	2009*
-	(USD millions)			
Tourism	12.4	33.4	31.7	17.4
Manufacturing	10.6	7.3	7	3.2
Real estate	2.9	7.6	7.3	3.7
Banking	0.4	3.5	7.2	6.4
Other	9.7	5.2	2.2	1.5
-	-----			
Total	36.0	57	55.4	32.2

Direct Investment Abroad by Mauritius, 2006-2009

-	2006	2007	2008	2009*
-	(USD millions)			
France	-	2	5.2	6

Reunion Island	0.2	4	4.8	1
USA	-	2.9	0.4	0.8
Madagascar	9.2	8.3	8	2.7
Maldives	3.4	9.3	21	9.8
South Africa	0.4	1.1	0.7	-
India	-	1	0.9	0.4
Seychelles	5.9	5.4	5.7	6.3
Mozambique	8.6	4.5	0.3	0.3
Others	8.1	18.5	8.4	4.9

Total	36.0	57	55.4	32.2
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Source: Bank of Mauritius

* Figures for 2009 are for the period January-September only

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